

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

1/14/21 12:16 pm
CLERK
U.S. BANKRUPTCY
COURT - WDPA

In re:	:	Case No.:	20-22083-GLT
	:	Chapter:	13
Michael B. Shepperd	:		
Patricia A. Shepperd	:		
	:	Date:	1/13/2021
<i>Debtor(s).</i>	:	Time:	10:30

PROCEEDING MEMO

MATTER: #46 Hearing on Order to Show Cause
#47 Response filed by Atty Thompson

APPEARANCES:
Debtor: Brian C. Thompson

NOTES: (11:35)

Thompson: I tried to be as thorough as could in my response. The only thing I can add is the prior case had some complications leading up to the end of the case.

Court: So an amended plan should have been filed and it wasn't?

Thompson: The plan was to file an amended plan and use exempt funds to catch up. We never got confirmation of those payments so we never filed the amended plan.

Court: Why did you sign the satisfaction piece if you knew the case was still active?

Thompson: My staff was working ahead and I shouldn't have signed it.

Court: As of yet, nothing has been done to nullify the satisfaction piece.

Thompson: The recorder of deeds provided us with a form to use and we're waiting for the debtor to sign and notarize it, that's the way the recorder of deeds wanted it.

Court: Even filing a notice would put some suggestion that there's an issue with the satisfaction. So there was an initial mistake with filing the satisfaction, and then why was the claim objection filed?

Thompson: We missed it. On the face of the documents they appeared valid.

Court: Is it understood in your office that for the section 506 lien avoidance to be concrete there needs to be a discharge order?

Thompson: Yes. For 17 years this has never happened.

Court: There's nothing legally preventing you from recording it, but there's no basis for the conclusion that it was an effective lien avoidance after the prior case was dismissed. Even if the language regarding recording the avoidance isn't in the order, the code still prevails and is in effect. And you haven't filed any other satisfaction pieces for a 506 action within the last two years?

Thompson: No, I went through and there weren't any others.

OUTCOME:

1. Court's Hearing on *Order to Show Cause* [Dkt. No. 46] is taken under advisement. Within 21 days of this Order, the Debtors must provide proof that a "reaffirmation agreement" or some other similar document has been recorded with the Recorder's Office of Butler County, Pennsylvania to nullify the satisfaction piece recorded in April 2020. [Text Order to Issue]

DATED: 1/13/2021